



TOWN OF NANTUCKET FISCAL YEAR 2009 INITIAL BUDGET PROJECTION

August 22, 2007



2007-2008 BOS Goals (08/15/2007)

1. *Improve Administrative Management*
2. *Improve Fiscal Management: set annual operating budget increase at 4.2% for FY09*
3. *Improve Infrastructure*
4. *Improve and Protect Our Water*
5. *Enhance Quality of Life for Residents and Visitors*
6. *Address Housing*
7. *Manage Growth*

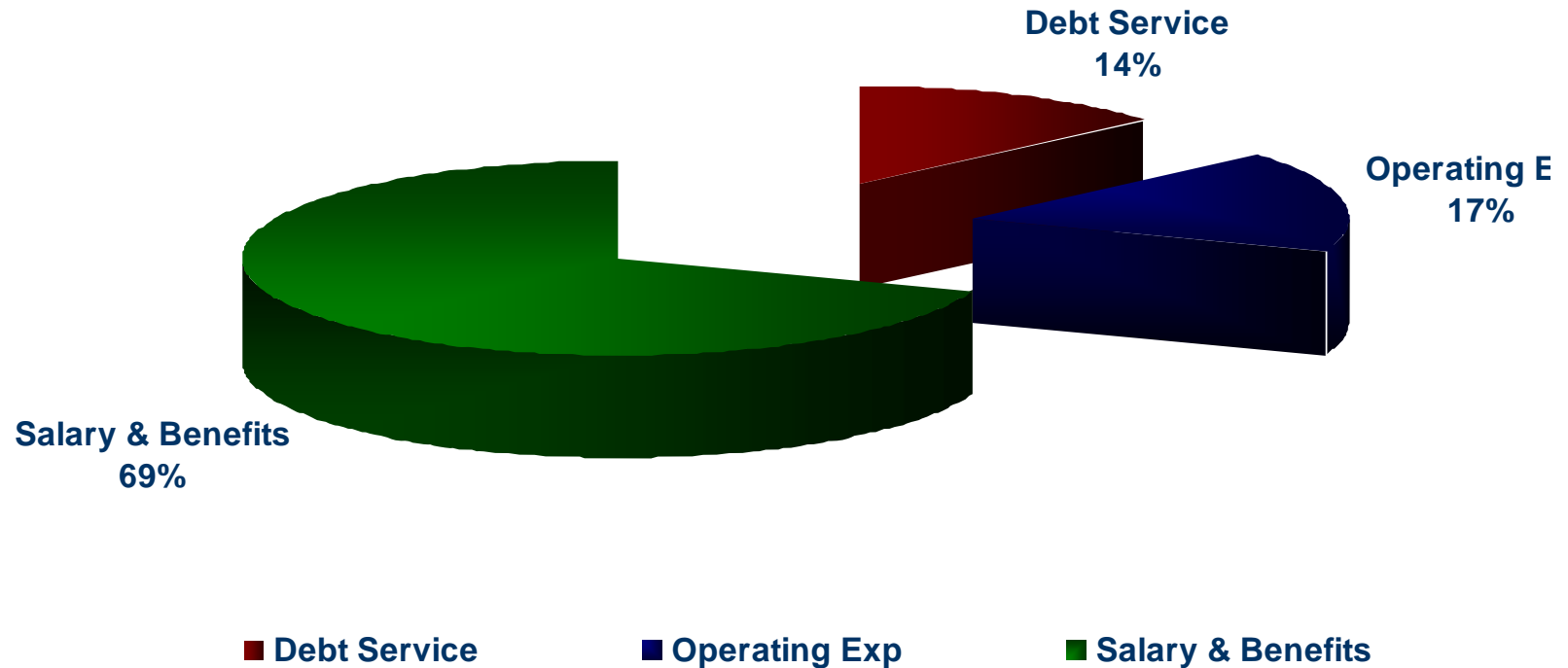
Other Factors

- Massachusetts General Law
- Government Accounting Standards Board (“GASB”) Requirements
- Local Policies and Bylaws
- Moody’s (rating agency) observations regarding pressures on the AA3 rating

Nature of Projections - CHANGE

- Information that will be updated includes:
 - Salaries: when individual department budgets are prepared and when contracts are settled
 - Health insurance: when current experience and prices are known
 - Retirement: when assessment is received
 - 2008 tax information: when final in late September, including revenue from new growth, tax levy & rate
 - New requirements: when values are determined or new requirements become known.

Article 8 – FY09 Projection



Expenditures – Salary History

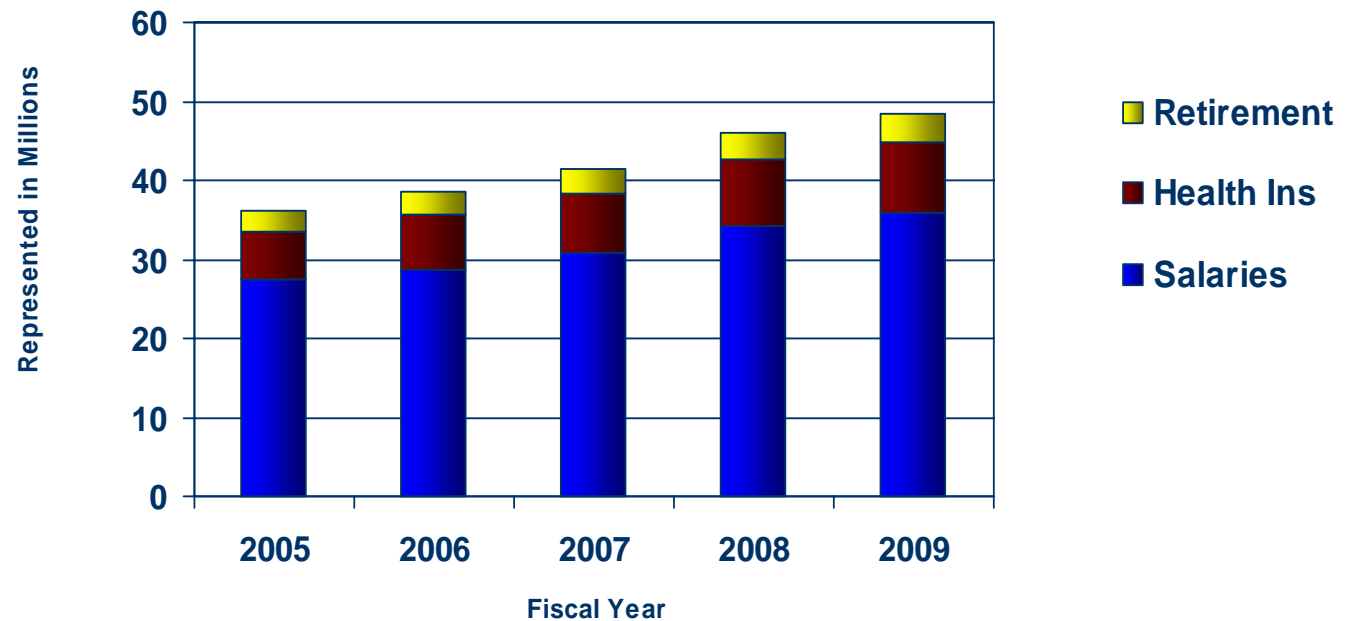
	2005	2006	2007	2008	<i>Average yearly increase</i>
Town Sal	14.1	14.4	15.3	17.2	7%
School Sal	13.4	14.3	15.5	16.9	8%
Subtotal Sal	27.5	28.7	30.8	34.1	7%

In fiscal 2005, several town contracts were settled, resulting in payments for retroactive earnings adjustments. Additionally, 2005 included 53 weeks of payroll. FY 2006, 2007, and 2008 include added personnel, including positions funded from Ambulance Reserve Fund transfers.

Salary FY 2009 @ 5.0% - 2.5%

FY09 Sal	5%	4%	3%	2.5%
Town Sal	18.1	17.8	17.7	17.6
School Sal	17.7	17.5	17.3	17.3
Subtotal Sal	35.8	35.3	35.0	34.9
Potential Savings		0.5	0.8	0.9

Salary & Benefits History



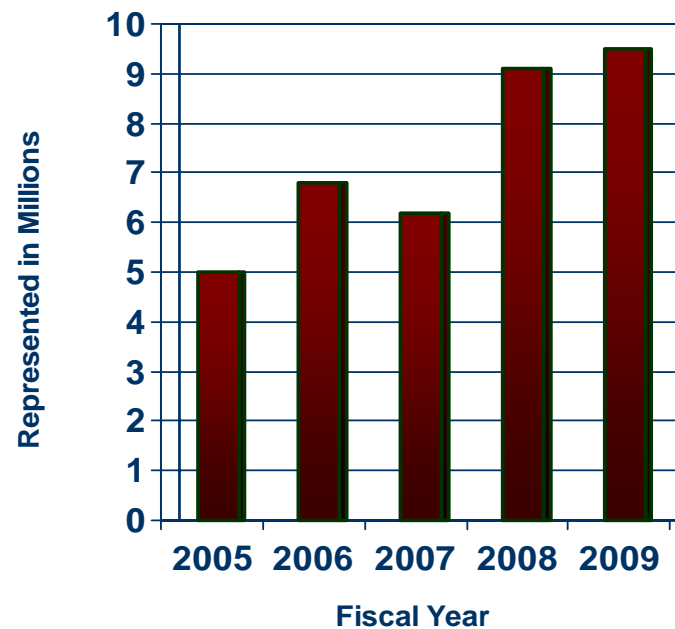
Average Annual Increase over 4 Yrs = 7.6%

Expenditures – Salary & Benefits

	2005	2006	2007	2008	2009
Subtotal Sal	27.5	28.7	30.8	34.1	35.8
Health Ins.	6.1	7.0	7.6	8.6	9.0
BCRP (ret)	2.6	2.8	3.1	3.3	3.6
Salary & Benefits Subtotal	36.2	38.5	41.5	46.0	48.4

Average annual increase over 4 years = 7.6%, includes new positions (except in 2009 projections) and some double digit increases in health insurance and BCRS retirement assessments

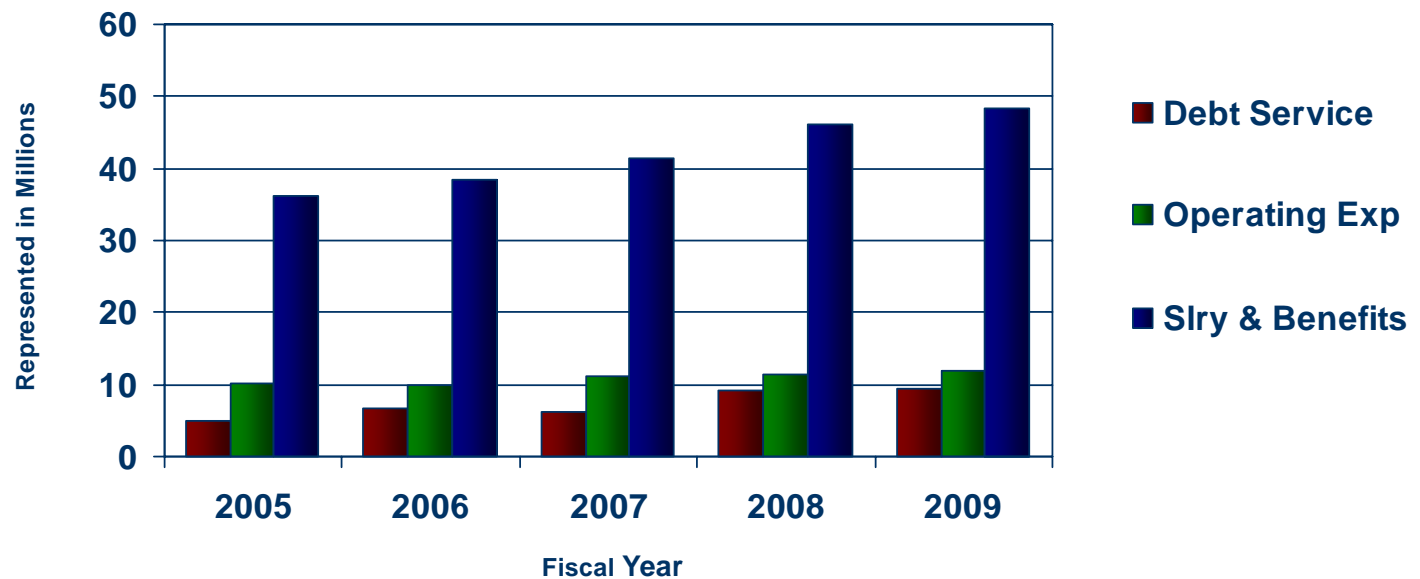
Debt Service Expenditure History



Average Annual Increase over 4 Yrs = 19.6%

Article 8 Pro-Forma – History

Article 8 Pro-forma Totals



Average Annual Increase over 4 Yrs = 8.0%

Article 8 Pro-forma Totals

	2005	2006	2007	2008	2009	% of total
Salary & Benefits	36.2	38.5	41.5	46.0	48.4	68%
Operating Expenses	10.1	9.9	11.2	11.4	11.8	17%
Debt Service	5.0	6.8	6.2	9.1	9.5	15%
Article 8 Total	51.3	55.2	58.9	66.5	69.7	100%

Article 8 Pro-forma % Change year-to-year change, and 4 yr average

	2006	2007	2008	2009	<i>average</i>
Salary & Benefits	6.4%	7.8%	10.8%	5.2%	7.6%
Operating Expenses	-2.0%	13.1%	1.8%	3.5%	4.1%
Combined Increase	4.5%	8.9%	8.9%	4.9%	6.8%
Debt Service	36.0%	-8.8%	46.8%	4.4%	19.6%
Article 8 Total	7.6%	6.7%	12.9%	4.8%	8.0%

To reach 4.2% target for 2009 combined increase requires that \$400,000 be cut from the projection.

Solid Waste Enterprise Fund ~ funding from general fund

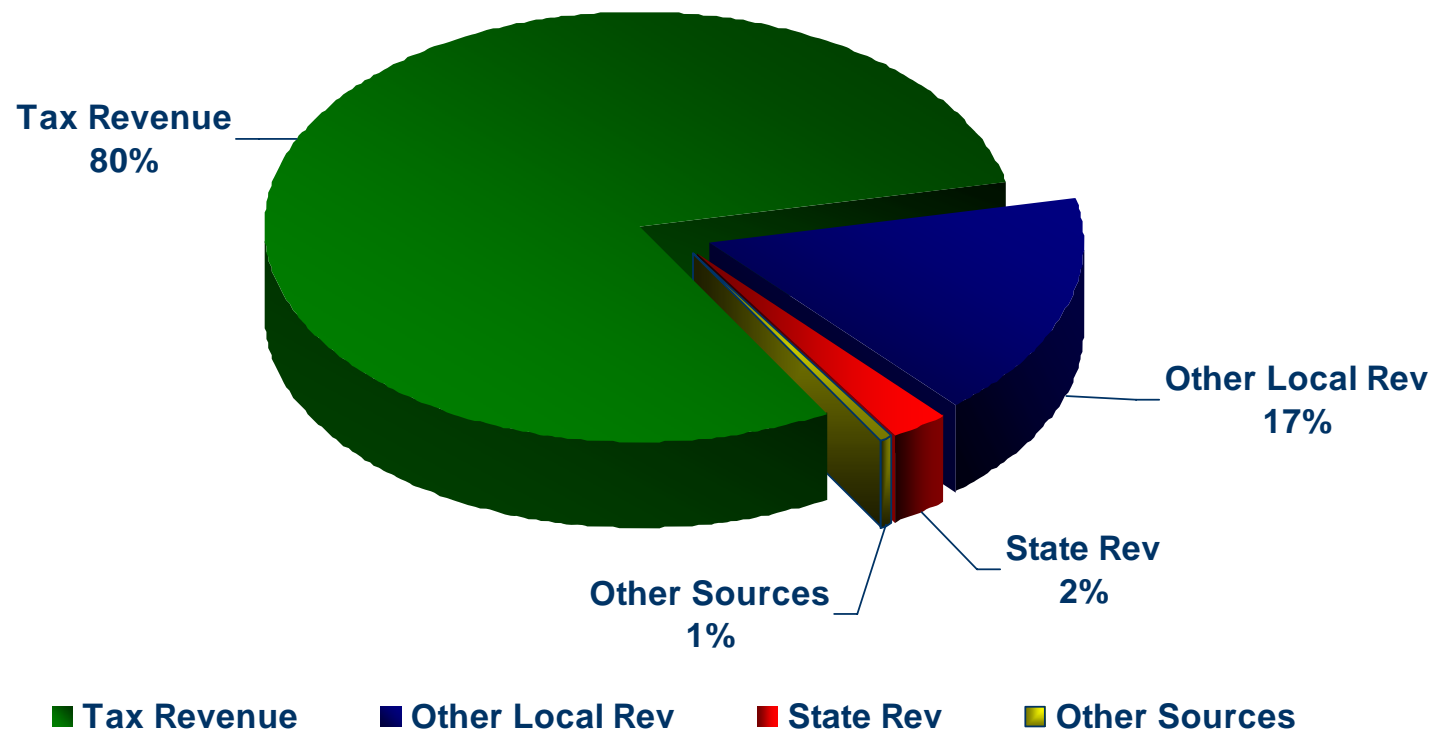
	2007	2008	2009
Override Votes 1999 & 2006	2,586,588	2,586,588	2,586,588
FY07 – Legal Settlement	761,317	0	0
FY07 – End of Year Transfers	280,500	0	0
FY07 – Reserve Fund Transfer	104,000	0	0
FY08 - 5.0% Increase	0	129,412	129,412
FY09 - 2.5% Increase	0	0	68,000
Projection	3,732,405*	2,716,000*	2,784,000

*In 2007 an additional \$157,072 was raised on the recap and transferred to SWEF to cover FY06 budgetary deficit. In 2008, \$9,850 will be raised on the recap to cover remaining FY07 budgetary deficit.

Total Expenditures from “Raise & Appropriate”

	2005	2006	2007	2008	2009
Article 8	51.3	55.2	58.9	66.5	69.7
Solid Waste	2.1	1.9	3.7	2.7	2.8
Assessments & other articles	1.0	2.3	1.7	2.2	1.6
Capital	0.0	1.4	1.6	1.2	<i>later</i>
Total	54.4	60.8	65.9	72.6	74.1

FY09 Projected Total Revenue & Other Sources

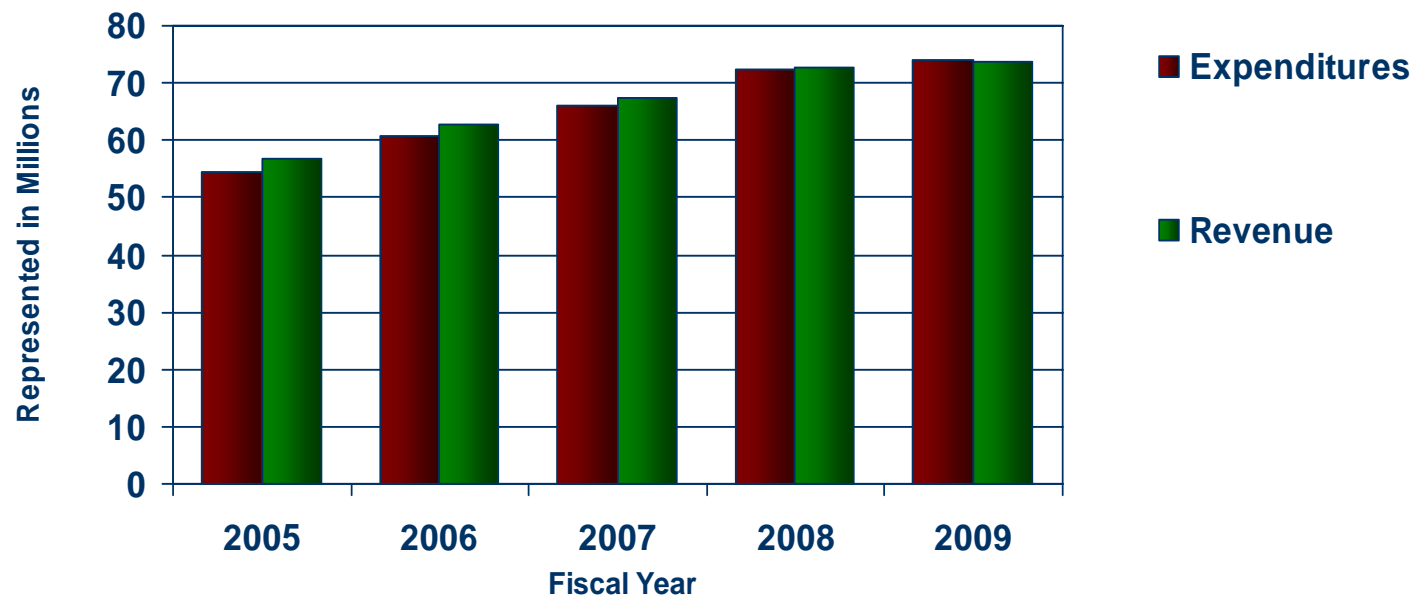


Total Revenue & Other Sources

	2005	2006	2007	2008	2009
Tax revenue	43.1	46.8	51.2	56.2	59.0
Other local revenue	12.4	11.5	11.6	12.2	12.5
State revenue	1.0	1.1	1.5	1.8	1.8
Total other sources	0.2	3.3	3.0	2.4	0.4
Total	56.7	62.7	67.3	72.6	73.7

Revenue and Expenditure History

Total Projected FY09 Revenue & Expenditures



Total Projected FY 09 Revenue & Expenditures

	2005	2006	2007	2008	2009
	Actual / near final				
Total Revenue & other sources	56.7	62.7	67.3	72.6	73.7
Total Expenditures & other uses	54.4	60.8	65.9	72.6	74.1
Net	2.3	1.9	1.4	0.0	(0.4)

Next Steps

BOS to set budget guidelines for FY09. Note that a 4.2% target will require a reduction of \$400,000 on this projection, and will result in a balanced projection

(Parallel process for school budget development, review, and recommendation by School Committee)

Negotiations for expired / expiring union contracts with BOS and School Committee approval

Further review of FY 09 budget projections at public meetings

Departmental and school budgets prepared and submitted per budget calendar and instructions

Town Administration recommends budget

BOS reviews and recommends budget

Fin Com reviews and recommends budget to 2008 Annual Town Meeting

	<i>projection fye 2008</i>	<i>projection fye 2009</i>	<i>projection fye 2010 revaluation year</i>	<i>projection fye 2011</i>	<i>projection fye 2012</i>	<i>projection fye 2013</i>
Property Tax Valuation: assessed valuation	22,422,100,000	23,543,200,000	24,720,400,000	25,709,200,000	26,994,700,000	28,344,400,000
Tax Revenue Limitations levy limit from prior year	10% increase \$ 45,989,176	increase rates in overall assessed valuation are at 4% to 5% which maintains tax rate. historical increase in overall assessed valuation has averaged 21% over the last ten years \$ 48,178,906	\$ 50,384,378	\$ 52,627,988	\$ 54,916,687	\$ 57,258,605
add: 2 1/2 % increase	1,149,729	1,204,473	1,259,609	1,315,700	1,372,917	1,431,465
add: Prop 2.5% operating override						
add: new growth <i>estimate</i>	1,040,000	1,001,000	984,000	973,000	969,000	963,000
levy limit for current year	48,178,906	50,384,378	52,627,988	54,916,687	57,258,605	59,653,070
add: debt exclusion	8,741,493	9,209,318	8,836,936	8,260,442	8,080,814	6,875,848
maximum allowable levy for current year	56,920,398	59,593,696	61,464,924	63,177,129	65,339,419	66,528,918
Amt lost due to fractional tax rate / penny						
Actual tax levy per recap						
One penny on the tax rate raises:	\$ 229,544	\$ 239,630	\$ 249,959	\$ 257,851	\$ 268,409	\$ 279,055
Residential Tax Rate (estimated)	\$ 2.48	\$ 2.49	\$ 2.46	\$ 2.45	\$ 2.43	\$ 2.38
Estimated Revenue and Other Resources: Local property taxes (real and personal)	\$ 56,920,398	\$ 59,594,000	\$ 61,465,000	\$ 63,177,000	\$ 65,339,000	\$ 66,529,000
Less - allowance for abatement: 1.2%	(683,370)	(596,000)	(615,000)	(632,000)	(653,000)	(665,000)
Net available:	56,237,028	58,998,000	60,850,000	62,545,000	64,686,000	65,864,000
State Revenue: 1% growth 2009 to 2012	1,765,354	1,783,000	1,801,000	1,819,000	1,837,000	1,855,000
Total Local Revenue	12,235,000	12,501,000	12,801,000	13,104,000	13,409,000	13,735,000
Total Revenue	\$ 70,237,382	\$ 73,282,000	\$ 75,452,000	\$ 77,468,000	\$ 79,932,000	\$ 81,454,000
rate of growth in revenue over prior year	8.6%	4.3%	3.0%	2.7%	3.2%	1.9%
rate after eliminating effect of debt exclusion tax levy	5.0%	4.2%	4.0%	3.9%	3.8%	3.8%
Other Sources						
Free Cash used (for future years, only stabilization fund amount is shown)	831,464	100,000	100,000	100,000	100,000	100,000
Excess Overlay	928,036					
Transfer from Ambulance Reserve Fund (Article 11)	180,000	-	-	-	-	-
Transfer from Ambulance Reserve Fund (Article 8)	190,000	140,000	90,000	40,000	40,000	40,000
Transfer from Waterways Improvement Fund (Article 10)	41,000					
Transfer from Ferry Fund	231,400	180,000	180,000	180,000	180,000	180,000
Total Revenue and Other Resources	\$ 72,639,282	\$ 73,702,000	\$ 75,822,000	\$ 77,788,000	\$ 80,252,000	\$ 81,774,000
	✓					

Estimated Appropriations and Other Uses:	<u>budget</u>	<u>projection</u>	<u>projection</u>	<u>projection</u>	<u>projection</u>	<u>projection</u>
<u>Appropriation Detail</u>	<u>fye 2008</u>	<u>fye 2009</u>	<u>fye 2010</u>	<u>fye 2011</u>	<u>fye 2012</u>	<u>fye 2013</u>
Article 8 Items:						
Salaries - Town (includes allowance for collective bargaining)	\$ 17,197,865	\$ 18,058,000	\$ 18,961,000	\$ 19,909,000	\$ 20,904,000	\$ 21,949,000
Salaries - School	16,854,195	\$ 17,697,000	\$ 18,582,000	\$ 19,511,000	\$ 20,487,000	\$ 20,487,000
SUBTOTAL SALARIES:	\$ 34,052,060	\$ 35,755,000	\$ 37,543,000	\$ 39,420,000	\$ 41,391,000	\$ 42,436,000
Operating Expenses:	5,884,460	\$ 6,002,000	\$ 6,122,000	\$ 6,244,000	\$ 6,369,000	\$ 6,496,000
Operating Expenses, School	4,009,726	\$ 4,090,000	\$ 4,172,000	\$ 4,255,000	\$ 4,340,000	\$ 4,427,000
Transfers to community school	310,000	310,000	310,000	310,000	310,000	310,000
SUBTOTAL OPERATING EXPENSE	\$ 10,204,186	\$ 10,402,000	\$ 10,604,000	\$ 10,809,000	\$ 11,019,000	\$ 11,233,000
Group Medical Insurance	8,617,000	9,000,000	10,080,000	11,290,000	12,645,000	14,162,000
General Insurance (all other insurance)	1,199,000	1,355,000	1,531,000	1,730,000	1,955,000	2,209,000
SUBTOTAL INSURANCE	\$ 9,816,000	\$ 10,355,000	\$ 11,611,000	\$ 13,020,000	\$ 14,600,000	\$ 16,371,000
SUBTOTAL DEBT SERVICE	\$ 9,092,000	\$ 9,529,000	\$ 8,998,000	\$ 8,308,000	\$ 8,107,000	\$ 6,901,000
SUBTOTAL RETIREMENT	\$ 3,346,353	\$ 3,600,000	\$ 4,030,000	\$ 4,470,000	\$ 4,920,000	\$ 5,510,000
Article 8 Total	\$ 66,510,599	\$ 69,641,000	\$ 72,786,000	\$ 76,027,000	\$ 80,037,000	\$ 82,451,000
Article __: Energy Committee Request						
Article 2: Unpaid Bills	19,054	25,000	25,000	25,000	25,000	25,000
Article 5: Reserve Fund	425,000	500,000	500,000	500,000	500,000	500,000
Article 9: Health and Human Services	331,000	331,000	331,000	331,000	331,000	331,000
Capital budgeted from revenue (transfers in)	221,000					
Article 10: capital articles from free cash & excess overlay	1,159,500					
Article 12: Transfer to Enterprise Fund	2,716,000	2,784,000	2,854,000	2,925,000	2,998,000	3,073,000
Article 16: County Assessment	100,000	100,000	100,000	100,000	100,000	100,000
Article 23: Municipal Electric Aggregate ATM07	35,000					
Article 74: to stabilization fund	600,000	100,000	100,000	100,000	100,000	100,000
Total Appropriations	\$ 72,117,153	\$ 73,481,000	\$ 76,696,000	\$ 80,008,000	\$ 84,091,000	\$ 86,580,000
overlay and other deficits	160,000	160,000	160,000	160,000	160,000	160,000
Cherry Sheet Offsets and Charges	362,130	381,000	392,000	404,000	416,000	428,000
Total Appropriations and Other Required Expenditures	72,639,283	74,022,000	77,248,000	80,572,000	84,667,000	87,168,000
Excess (deficit)	(0)	(320,000)	(1,426,000)	(2,784,000)	(4,415,000)	(5,394,000)

Note: Projection Assumes 5.0% Salary Increase

Estimated Appropriations and Other Uses:	<u>budget</u>	<u>projection</u>	<u>projection</u>	<u>projection</u>	<u>projection</u>	<u>projection</u>
<u>Appropriation Detail</u>	<u>fye 2008</u>	<u>fye 2009</u>	<u>fye 2010</u>	<u>fye 2011</u>	<u>fye 2012</u>	<u>fye 2013</u>
Article 8 Items:						
Salaries - Town (includes allowance for collective bargaining)	\$ 17,197,865	\$ 17,628,000	\$ 18,069,000	\$ 18,521,000	\$ 18,984,000	\$ 19,459,000
Salaries - School	16,854,195	\$ 17,276,000	\$ 17,708,000	\$ 18,151,000	\$ 18,605,000	\$ 18,605,000
SUBTOTAL SALARIES:	\$ 34,052,060	\$ 34,904,000	\$ 35,777,000	\$ 36,672,000	\$ 37,589,000	\$ 38,064,000
Operating Expenses:	5,884,460	\$ 6,002,000	\$ 6,122,000	\$ 6,244,000	\$ 6,369,000	\$ 6,496,000
Operating Expenses, School	4,009,726	\$ 4,090,000	\$ 4,172,000	\$ 4,255,000	\$ 4,340,000	\$ 4,427,000
Transfers to community school	310,000	310,000	310,000	310,000	310,000	310,000
SUBTOTAL OPERATING EXPENSE	\$ 10,204,186	\$ 10,402,000	\$ 10,604,000	\$ 10,809,000	\$ 11,019,000	\$ 11,233,000
Group Medical Insurance	8,617,000	9,000,000	10,080,000	11,290,000	12,645,000	14,162,000
General Insurance (all other insurance)	1,199,000	1,355,000	1,531,000	1,730,000	1,955,000	2,209,000
SUBTOTAL INSURANCE	\$ 9,816,000	\$ 10,355,000	\$ 11,611,000	\$ 13,020,000	\$ 14,600,000	\$ 16,371,000
SUBTOTAL DEBT SERVICE	\$ 9,092,000	\$ 9,529,000	\$ 8,998,000	\$ 8,308,000	\$ 8,107,000	\$ 6,901,000
SUBTOTAL RETIREMENT	\$ 3,346,353	\$ 3,600,000	\$ 4,030,000	\$ 4,470,000	\$ 4,920,000	\$ 5,510,000
Article 8 Total	\$ 66,510,599	\$ 68,790,000	\$ 71,020,000	\$ 73,279,000	\$ 76,235,000	\$ 78,079,000
Article __: Energy Committee Request						
Article 2: Unpaid Bills	19,054	25,000	25,000	25,000	25,000	25,000
Article 5: Reserve Fund	425,000	500,000	500,000	500,000	500,000	500,000
Article 9: Health and Human Services	331,000	331,000	331,000	331,000	331,000	331,000
Capital budgeted from revenue (transfers in)	221,000					
Article 10: capital articles from free cash & excess overlay	1,159,500					
Article 12: Transfer to Enterprise Fund	2,716,000	2,784,000	2,854,000	2,925,000	2,998,000	3,073,000
Article 16: County Assessment	100,000	100,000	100,000	100,000	100,000	100,000
Article 23: Municipal Electric Aggregate ATM07	35,000					
Article 74: to stabilization fund	600,000	100,000	100,000	100,000	100,000	100,000
Total Appropriations	\$ 72,117,153	\$ 72,630,000	\$ 74,930,000	\$ 77,260,000	\$ 80,289,000	\$ 82,208,000
overlay and other deficits	160,000	160,000	160,000	160,000	160,000	160,000
Cherry Sheet Offsets and Charges	362,130	381,000	392,000	404,000	416,000	428,000
Total Appropriations and Other Required Expenditures	72,639,283	73,171,000	75,482,000	77,824,000	80,865,000	82,796,000
Excess (deficit)	(0)	531,000	340,000	(36,000)	(613,000)	(1,022,000)

Note: Projection Assumes 2.5% Salary Increase